

**POVERTY AND THE DISTRIBUTION OF INCOME**  
**FALL 2000**

**HOMEWORK ONE**  
*WHAT IS INCOME INEQUALITY?*

The attached questionnaire concerns people's attitudes about income inequality. Please complete the questionnaire. There are no "right" answers. Once you have completed the questionnaire, complete the exercises at the bottom of this page. (The exercises do have right answers!)

**EXERCISES**

(After completion of questionnaire)

1. Calculate the Gini coefficient\* for the following income distributions.

1A= (5, 8, 10)

1B=(10,16,20)

2B=(10,13,15)

3B=(5,5,8,8,10,10)

8A= (5,5,10,10)

8B=(5,10,10,10)

9A=(5,5,5,10)

2. Use the Gini Coefficient to answer questions 1,2,3,7,8, and 9 on the questionnaire and compare with your rankings.

\* You can use the Gini Calculator available on our course web page:

<http://www.economics.pomona.edu/cconrad/Econ122syl.html>. Try to do at least one calculation by hand. The formula for the Gini Coefficient is

$$Gini = \frac{\sum_{i=1}^n \sum_{j=1}^n |y_i - y_j|}{2n^2\bar{y}}$$

where  $y_i$  is income of person  $i$ ,

$\bar{y}$  is mean income, and  $n$  is the number of persons.